NOVEMBER 1947

MARKETING ACTIVITIES

U. S. Department of Agriculture
Production and Marketing Administration
Washington 25, D.C.

IN THIS ISSUE:

WHERE THE FOOD DOLLAR GOES
By E. O. Umsted . . . . Page 3

Middlemen may "get" half of the consumer's food dollar . . . but they do not get to keep it.

MEYER, NEWELL REPORT R&MA PROGRESS . . . . Page 11

At the Agricultural Outlook Conference, two USDA officials discuss latest developments in the administration of the Research and Marketing Act of 1946.

MARKET NEWS AND THE RADIO
By Arthur Susott . . . . Page 13

The author, in charge of PMA's information office at Atlanta, gives one man's opinion of the role of radio in market news work.

ADDITIONAL PROJECTS APPROVED UNDER RESEARCH AND MARKETING ACT. . Page 15

MARKETING BRIEFS . . . . Page 16

Address all inquiries to
The Editor, Marketing Activities
Production and Marketing Admin.
U. S. Department of Agriculture
Washington 25, D. C.

Issued monthly. Vol. 10, No. 11

Where the Food Dollar Goes

By E. O. Umsted

The food marketing spread--that gap between what the consumer pays for food products and what the farmer receives for producing them--has always been a matter of keen interest to farmers and consumers alike. When farmers hear that they have been getting half or less of the consumer's dollar, some of them cry out bitterly against the middlemen, and many consumers join in the clamor. There are too many middlemen, they say. They perform unnecessary services. They are monopolistic and inefficient. They are greedy, grabbing for themselves outrageous profits. They are an unwarranted growth upon the economy, and should be trimmed down or cut out entirely.

How well do these charges stand up?

When we begin trying to answer this question and to dig for figures on which to base answers, two facts stand out. One is that it is going to be necessary to analyze production costs and margins for a large number of specific commodities all the way through the marketing process. The other fact is that all the data needed in order to answer the question fully have not yet been set down.

But that doesn't mean there are not enough figures on hand to give a pretty good general idea of where the consumer's food dollar goes--and for what.

From 1913 through 1916 the average annual retail cost of all farm food products purchased by a family of three average consumers in this country was $281, of which the farmer received $128. During 1935-39, before the war boom began, the same bill of goods cost $316, of which the farmer received $122. The spread between the farm and retail values of these goods thus increased from $153 to $194, and the farmer's share of the retail price dropped from 46 to 39 percent. During and since the war the farmer's share has been larger.

Why Marketing Margins Increase

Increases in marketing margins result from one or more of five causes, everything else being the same. Either marketing people perform tasks that farmers did formerly. Or the services rendered to consumers increase. Or increased inefficiency and waste come into marketing channels. Or marketing costs go up. Or marketing agencies take increased profits.

Let's examine these five causes one at a time.

It is sometimes said that the farmer's share of the consumer's dollar--and presumably his profit for his effort--decreases because an increasingly larger part of that dollar goes to pay marketing charges. What actually happens is that functions formerly performed on the farm,

where they were not considered as marketing charges, are shifted to specialized marketing agencies, where they are. An example is the processing of butter.

Now turn to the second of the causes tending to increase marketing spreads--to what extent do American food consumers receive more in the way of marketing services than formerly?

We all know they receive a great deal more. We have only to think back a generation and compare the products of that day with the present day's varied assortment of prepackaged, precooked, sometimes all but predigested foods, to realize that the consumer gets more services now than then. Even small towns receive fresh produce the year round; they receive frozen seafood and fish even when they are located a thousand miles from the sea. On almost any consumer's table we are likely to find foods from any of 20 or 30 States and a dozen distant lands.

So it is a mistake to compare the consumer's food dollar of 1913-16 with his dollar of 1935-39, for the reason that in 1935-39 the consumer was buying services--services the farmer did not perform--which in 1913-16 the consumer did not get. Such a comparison would be something like comparing a windmill with a jet-propelled airplane: both are machines and air passes through them, which is about as far as the similarity goes.

Consumers Demand Services

Some of these new services are introduced by middlemen, but most of them are continued because the consumer wants and insists upon them, and in our competitive system the individual middleman can either provide them or get out of business.

A great many of the services that consumers demand and are willing to pay for are undeniable benefits to them, and represent something new and useful they did not formerly receive. The cost of these services goes into the marketing spread; the money that pays for them makes up a part of that increasing percentage of the consumer's dollar that goes to "marketing" agencies and not to the farmer. If any farmer wishes to cut down on the size of the spread on his own products, he can perform some of these services himself. True, he cannot sell canned pasteurized milk direct to the consumers. He cannot sell them pork in tin cans. He cannot even very well sell them sliced, wrapped, fresh, uniformly browned bread. But he can sell his milk fresh, he can butcher his meat and sell it in a neighboring town if the sanitary laws will permit it. In the same way, he can take some of his fruit and vegetables from door to door. He can operate in this way, but while he does, he won't be farming. He'll be in the marketing business. He'll get a larger share of the consumer's dollar spent for his product . . . but of how many consumers' dollars?

That brings us to a point. The farmer's real concern is not to get the largest possible fraction of the consumer's dollar. What the farmer, like other businessmen, really wants is to get the largest possible

income from his investment, his ability, and his time and effort. And if it works out in practice that he can make more money by specializing in producing, the activity he knows best, and letting specialists in other lines of work worry about carrying his production to the consumers --often in a different form and with special services that consumers demand but that individual farmers cannot supply--then so much the better for the farmer. He gets a smaller fraction of each consumer's dollar, but he gets his fraction out of so many more consumer's dollars than formerly that his income is greater.

We often hear it said that there are too many marketing people. Perhaps there are. But the fact that there are a great many of them is not of itself evidence that there are <u>too</u> many or that they are the cause of high marketing costs in a particular commodity. It may be evidence only of conditions that make the particular commodity a hard one to market. For example, gross marketing costs are high in the marketing of certain fruits, and yet these costs are largely the result (in the large cities, certainly) of a specialization in the wholesale trade among three successive types of handlers--receivers, auction companies, and jobbers--that is all but indispensable.

If the fact that there are many of them makes middlemen responsible for high marketing costs, the costs of marketing different commodities should vary, to a considerable extent, according to the number of middlemen who handle a particular commodity. But do they vary in that way? Eggs pass through about as many middlemen as potatoes, yet in 1939 the farmer received 76 percent of what the consumer spent for eggs and only 49 percent of what the consumer spent for potatoes.

Waste and Inefficiency

The third cause of increased marketing spreads is waste and inefficiency in the marketing system. There <u>is</u> waste and inefficiency in food marketing. Just how far it is justifiable cannot be determined exactly. There is evidence that this waste in marketing is being cut down, but also that additional waste comes into the marketing process as the kinds of services which consumers demand are expanded. Too many terminal wholesale facilities for fresh fruits and vegetables are inefficient and disorganized. In most of our large cities these facilities are antiquated, ill-adapted to the handling of motortruck receipts, and altogether inadequate for the efficient wholesaling of perishable produce under modern conditions. As a result, spoilage is higher than it should be, intracity cartage costs are excessive, and the margins taken by wholesalers and jobbers are wider than they might be if modern market facilities were provided.

The U. S. Department of Agriculture has been doing research on agricultural production for over three-quarters of a century. It is well-known that the benefits to farmers and consumers which have resulted from this work have exceeded by many times the funds it took to pay for it. Only relatively recently has the Department undertaken a similar research job in agricultural marketing. It is true that the Department has done some marketing research in the past. For example, stand-

ards and new methods of processing have been developed and causes of waste have been investigated. But until 1946 there was no provision under which the Department might go deep into the problems of marketing research. Now such authority exists. In passing the Research and Marketing Act of 1946, Congress expressed its intention of placing marketing research in the Department on a par with production research. This wise objective may be expected in due time to go far in reducing the wastes and inefficiencies now present in our agricultural marketing system.

All this is not to say that the food industry has been doing no marketing research. In retailing, particularly, where so much of the marketing spread lies, industry is doing a great deal of research. Some of it is formal, in the laboratories. But much of it is hardly considered marketing research at all by the people who do it. Their work does not involve ponderous descriptions of marketing processes or lengthy reports containing charts and complicated tables. The essence of this research, which is proving so effective in practice, is to develop ideas by original thinking and then try them out under practical operating conditions. Hardly a month passes in a modern supermarket that a little piece of research of this kind is not conceived, executed, and put into use.

Increased Marketing Costs

The fourth factor tending to increase marketing spreads is an increase in marketing costs. As new services are added, they call for new materials, new ways of spending employees' time. And rent rates can rise, transportation charges can rise, wage rates can rise.

This factor of increased costs is by far the chief factor during the last 30 years tending to increase food marketing spreads. The reason is that most of the charges for getting food products from the farm to the consumer are made up, either directly or indirectly, of wages. The average industrial hourly wage rate of 1939 was almost triple that of 1914.

If we are interested not only in knowing why marketing spreads tend to increase but also in decreasing them (and most people are),we come to a choice . . . if we are to reduce them very much. Either we must reduce the amount of labor required to process and distribute food products, through increased efficiency, or we must reduce the wages paid to workers in the marketing industry.

It goes without saying that in general the objective of public policy ought to be to reduce costs by increased efficiency rather than by wage cutting. We want price cutting, not wage cutting. Any reduction in wage rates would affect the farmer in two ways. Insofar as it curtailed consumer purchasing power for food products, he would stand to lose by it. On the other hand, the farmer stands to gain directly from any measures that reduce marketing costs.

From the farmer's standpoint, it is difficult to know which con-

sideration is more important. But from the public standpoint, which takes into account the interests of all groups including farmers, the answer is plain to see. To reduce marketing costs by means of wage cutting alone is no net social gain. It is merely a transfer of advantage between groups.

Let's dig a little further into this business of marketing costs and look at the fifth factor in the increase of marketing spreads.

In 1939, the last "normal" prewar year, the Bureau of Agricultural Economics reports that out of every dollar spent by consumers for farm food products, the farmer got about 38 cents. Or to put it another way, about 62 cents of the consumer's food dollar went for certain marketing charges. Of this 62 cents, assembly services (mainly at country points) got 4 cents, transportation agencies got 6 cents, wholesalers 7 cents, processors 21 cents, and retailers 24 cents--the retailers alone getting almost two-thirds as much as the farmer got for "producing" the commodities that went into these consumption items.

It has been said that the marketing agencies "got" 62 cents out of that dollar. Does that mean they got 62 cents in clear profit?

<u>What Comes Out of the 62 Cents?</u>

Well, when we stop to think of it, almost everyone knows we don't mean clear, net profit. When we think about it for an instant we know that out of that 62 cents had to come marketing costs, just as we know the farmer did not net the full 38 cents that he received out of the dollar. The farmer has to pay costs too: the costs of seeds, of machinery, of repairs, rent on his farm or taxes, and wages to his farmhands. What he actually gets in net profit for himself, the farmer knows, is a long way from 38 cents out of every dollar that the consumer spends for his produce. But sometimes the farmer loses sight of the fact that the same thing is true of the 62 cents that goes to marketing people.

How much in net profit <u>do</u> these various marketing agencies make?

To answer that question takes a lot of figuring. It takes some guessing, too, because all the figures to answer it don't exist. But more and more figures are coming in, and the picture gets clearer.

Suppose we look at the costs and profits of a single commodity group--fruits and vegetables. Most people have come in contact with the fruit and vegetable business somewhere along the production or marketing line. Some fruits and vegetables are staples that require no special handling, and some, like peaches and tomatoes, are very perishable. Some of them are processed to a considerable extent, whereas some are marketed direct from grower to consumer.

In 1939, for all fruits and vegetables (fresh and processed), the farmer's share of the consumer's dollar was 31 percent. The marketing agencies' share was 69 percent. For canned fruits and vegetables alone

the farmer got 13 cents out of the consumer's dollar, and marketing agencies got 87 cents. And for fresh fruits and vegetables sold to the fresh market the farmer's share was 35 cents and the other 65 cents went to the marketing agencies.

Let's narrow our glimpse down to fruits and vegetables for the fresh market only. What did the marketing agencies do with the 65 cents they "got"?

Country shippers and packers took 4 cents of it. Not as a profit, for they have costs too. They have to pay wages, and rent, and so on. So what they took was 4 cents gross.

Some of the produce passed through cooperative marketing associations. These also have salaries to pay, rent and telegraph bills to take care of. The cooperative associations took 2 cents of the consumer's dollar--gross.

Commission buyers took one-tenth of a cent, and the people who conduct shipping-point auctions took another cent gross.

These fruits and vegetables had to be shipped--by truck, refrigerator truck, refrigerator car, fast freight, or express, according to consumer demand. Sometimes they went by routes which the crow does not fly, and sometimes they were handled several times in transit. Ice had to be spread on some of them. A pretty large fraction of the 1939 consumer's dollar spent for fresh fruits and vegetables went to pay for these transportation services--19 cents of it, in fact--but here again the fraction was gross. Because railroads also pay wages. They must pay for repairs and machinery, and for those damage settlements that farmers sometimes receive when a car gets lost in transit and its load of produce spoils.

Then comes the wholesaler group. In 1939, the terminal broker got one-fifth of 1 cent, and half of that--one-tenth of a cent--went to terminal auction agencies. The commission receiver got seven-tenths of a cent, and the chain-store warehouse a cent and a half. To the wholesale receiver and jobber went about 6 1/2 cents. Altogether, 9 cents of the dollar went to wholesalers of one kind or another--but out of that they kept their trucks rolling, paid rent and clerk hire, bought labels for packages and nails and wire for crates, and on the average came out with a certain profit for themselves.

Finally the retailers. In 1939, they took 30 1/2 cents out of the consumer's fresh fruit and vegetable dollar. Retailers alone received more than six-sevenths as much as the farmers who produced the items.

But remember these items are not the same things that the farmer grew. The original commodities had been sorted, graded, classified. They had been moved from the farm to a place where consumers with money in their pockets were accustomed to go and buy. Some of them had been delivered to the housewife's door. They had been advertised in the papers and perhaps on the radio. In many cases this advertising was what

let the consumers know where to find them. In retail stores they occupied space under a roof and in racks and bins--space that cost money. In wintertime that space had to be heated.

There are many other familiar reasons why the cost of retailing fresh fruits and vegetables is high. Housewives very often insist upon handling, feeling--yes, pinching fresh produce before they buy. Checkers must take the time to weigh it. The equipment for handling and displaying fresh goods in retail stores is more expensive than the shelves used to hold packaged goods. Unless perishables are furnished daily to retail stores and tended very carefully, they wilt, decay, and spoil. Then they must be marked down or thrown away. When fresh fruits and vegetables are supplied to retail stores daily, this means at least five or six handlings to only one or two in the prepackaged goods department. In order to have on hand enough merchandise to hold their customers, retailers in a sense must have too much--more than they can sell before some of it wilts.

Other Cost Items

Now, let's look at some other cost items common to all food marketing--wholesalers, jobbers, retailers, and all the rest. Interest, for instance. The poultry farmer does not wait for his part of the dollar that pays for a cake that contains an egg laid by one of his hens. He gets money sooner, but someone--for a fee--has to furnish the credit all through the marketing chain. And insurance has to be carried on the items.

Then come taxes--Federal, State, and local, direct and indirect, and the failures and bad debts. Every time you spend a dollar for food, a little over a cent goes to cover the losses from businesses that have failed and from people who haven't paid their bills.

Then maintenance, repairs, depletion . . .

To return to canned and fresh fruits and vegetables, remember that the farmer received 35 percent of the consumer's dollar spent for fresh fruits and vegetables in 1939. Of the dollar spent for canned fruits and vegetables, he received only 13 percent.

That seems a pretty small share, on the face of it. But in addition to furnishing guidance and financial assistance to farmers in the planting and growing of their produce, canners or packers do much of the actual harvesting, picking, grading, and handling. So actually a very sizable part of the labor cost ordinarily borne by farmers is borne by packers or canners instead. The farmer's share of the retail price merely appears smaller.

It would be easy for the uniformed to misunderstand the fact that the canners' and packers' share is a gross margin for manufacturing, a share which has nothing to do with net profits. The size of this share means only that the manufacturing of canned goods is an expensive process. But the fact that housewives continue to demand canned goods

indicates that they are willing to pay for the added convenience of receiving fruits and vegetables in cans. The manufacturer's share covers the cost of cans, labels, cartons, boxes, and crates. It pays the wages not only of the processors' employees, but also of the people who work in tin mines, forests, sawmills, and can factories, and of the carriers who haul these products to the processors. And . . . it includes net profits.

That gets us to the nub of the matter. How much in net profit do these middlemen, the owners in the food marketing business, make for themselves by being middlemen?

What is net profit? You figure it for middlemen the same way you figure it for any other class of businessman--farmers included. Take the price a middleman gets from the consumer. Then subtract all the costs. What's left is net profit.

In November 1946, the Bureau of Agricultural Economics released a study, based on the year 1939, that showed how much of the consumer's dollar spent for farm food products went to marketing agencies as net profits.

This slice was 5.4 cents.

It is thus apparent that if all the net profits of <u>all</u> the various marketing agencies had been erased, there would still have remained a marketing spread of more than half of the consumer's dollar. If the spread between producer and consumer was to be reduced to any considerable extent, obviously it was going to take much more than a reduction in profit items alone.

How to cut down the cost of food distribution is outside the scope of this article, as is the question of whether this cost is too high. The data on hand so far indicate that marketing costs are high, but also that the size of the marketing job is tremendous. They indicate that there is waste in food distribution, a waste which should be cut down . . . just as there is waste in food production, which also should be cut down.

The truth is that there is no magic, overnight, sensational method for shrinking the spread between the farmer and the consumer. What is required is an energetic, unending battle to improve methods and to reduce unnecessary costs in both food marketing and food production--at every step of the way.

DON'T FORGET YOUR NAME

When ordering copies of addresses, statements, and publications (listed in this issue of Marketing Activities on pages 18 and 19), be sure to supply your name and address. This is sometimes overlooked.

Meyer, Newell Report R&MA Progress

Work and progress to date under the Research and Marketing Act of 1946 were discussed at the twenty-fifth annual Agricultural Outlook Conference in Washington early in November by E. A. Meyer, administrator of the act, and S. R. Newell, PMA's acting assistant administrator for marketing.

Administration of the act, Meyer said, takes into consideration four objectives that back up a long-range program of full production. The first and most important objective is to build up the American diet. It has been a revelation during the last few years, Meyer said, to see what the American people can eat if they have the buying power and the requisite nutrition education.

The second objective is to improve the American standard of living in general--including better health, better living, better shelter, and better food and clothing.

The third objective is to find more ways of diverting agricultural commodities to nonfood uses.

The fourth objective is to reduce the costs of getting farm produce from the producer to the consumer through studies in marketing efficiency.

After explaining the committee organization and how the program had operated with borrowed personnel until last July 31, Meyer told how the 9 million dollars that was appropriated on that date was divided.

Under title I, section 9 of the act, 2 1/2 million dollars goes to the States; 3 million dollars under section 10a goes for utilization work (projects totaling 2 1/4 million dollars are already approved); 1 1/2 million dollars under section 10b goes for cooperative research with State experiment stations (34 projects and 1.3 millions approved). Under title II, 2 million dollars goes for marketing and distribution research (50 projects and 1.5 million dollars approved at the time of Meyer's talk).

Allocation of funds for the current fiscal year was in the "final stage of its first go-around," Meyer said. In elaboration of this statement he explained that as projects are approved, the funds are earmarked to the specific agencies--often several agencies, as in the case, for example, of a project covering consumer preferences. Then the agencies come back to him with specific proposals for conducting the project. If for some reason the agencies cannot undertake specified projects, or if there is not enough time left in the fiscal year to get work under way as planned, the funds will become available for reallocation for alternative projects.

Newell reported on activities of the Production and Marketing Admin-

istration and the State bureaus of markets under the act. There are now effective nearly 400 cooperative agreements dealing with agricultural regulatory and marketing services. About 285 of them are between USDA and State departments of agriculture. One benefit of regulatory laws and activities, he said, is that they tend to bring about uniformity among State marketing laws and thus break down trade barriers.

Predominant among the many projects submitted since last December by State departments of agriculture have been requests for expansion of existing types of work--of market news work particularly. But the purpose of the new act, Newell pointed out, was to provide for new types of research. Old work should be expanded properly by means of larger appropriations under legislation already in existence when the Research and Marketing Act was passed.

As an example of the type of work to be performed under the new act, Newell discussed a proposed Federal-State project under which marketing teams of trained specialists--perhaps two persons to the team--can quickly move into an area of spot surplus and determine other markets to which farmers may divert truck shipments. Three States have approved the project already, Newell said, and other States are considering it.

COMMISSIONER SCOTT CALLS FOR SHIPMENT OF MIXED CARS OF FRESH FRUITS AND VEGETABLES

"We should be concerned with distributing fresh fruits and vegetables to people all over the country and at all seasons," writes W. Kerr Scott, Commissioner of the North Carolina State Department of Agriculture, to Marketing Activities. "The shipment of mixed cars of fresh fruits and vegetables into a given area would provide the vitamins needed in the daily diet and, if properly advertised, would be supported by the housewife who is looking for green salads or something out of season to make her meats, potatoes, and beans more tasty.

"During the war, the Quartermaster Market Centers bought and shipped carload lots of fresh fruits and vegetables to small army camps--the car sometimes including several varieties. Our handlers and distributors ought to be so organized that they can send under refrigeration each week one car of mixed fresh fruits and vegetables into every trade area and within the reach of every small-town grocer.

"Such a system would add ripeness and natural freshness to the daily diet of most American families, and it would also increase the consumption of all foods. Surplus foods going for school lunches, and surplus commodities bought at 'floor prices' might be disposed of to better advantage through the use of mixed shipments. But the economy of a system of shipping mixed carloads would be limited by the extra expense involved unless there was a general over-all pooling to overcome the extra handling charges."

Market News and the Radio

By Arthur Susott

Frankly, I believe the radio can do a better job than the newspapers of giving farmers the market news service they need. Hardly a week passes that I don't run across some new support for this belief. Radio market news has become invaluable to the farmer because of its timeliness. Here in Georgia, for example, the broiler producer can get today's market prices at 12:30, and if he feels it worth his while to sell, he can sell that day. The report of those prices in a newspaper would not reach him until late that day or the following morning. It's a revelation to drive around in the Gainesville area at noontime and note how many broiler producers and processors are tuned in on the local market news broadcast.

This is not to belittle the newspapers. They are indispensable too. The farmer probably can get more information from his newspapers than over the radio, and in the papers he can read the market reports at his leisure. And he needs to supplement the radio report with news he can get from the papers if he wishes to keep constantly and fully informed.

This summer I talked to a Tennessee livestock producer, who listens closely to PMA's 1 o'clock livestock market broadcast over a Nashville station. The farmer said, "When I get ready to sell some livestock, I herd them up in the morning, have them all ready to put in the truck. At 1 o'clock I listen to the Nashville report. If the price is right I load up, and in a little more than an hour I'm in Nashville with my load."

In Indiana last summer I noted that my father excused himself at 12:30 o'clock to turn on his radio. "I've got to get the hog price report," he said. My father is no longer a farmer, but the market still interests him--the radio report. Twenty years ago when he was still on the farm and radio sets were rare, my father relied on the newspapers for his hog market prices. I could cite many examples of farmers who in the last 10 years have come to depend on the radio more and more for farm market news. Eventually, I believe, the great majority of American farmers will depend largely on radio for market news--especially if government agencies and the broadcasters continue to improve their radio market news work.

Right now, though, I believe a good part of the radio industry is asleep to the real possibilities of radio market news. Even on quite a few larger stations it is only a side job with the farm program director. He's interested in market news, of course, but the fact is that the farm program director doesn't do much "programming" on market news. It comes to him over the teletype-printer or from local sources, and he broadcasts it generally at a time convenient to the station. If I were the owner of a 50,000-watter in a good farming section, I'd hire in addition to the farm program director, a broadcaster who knows market news and what the farmers want. I'd have him broadcast market news three times a

day. The first broadcast--a summary of market news from the day before --would go out between 5 and 6 a. m. The second broadcast would be about 12:15, and would be a "spot news" broadcast. Then early in the evening, around 7 or 8, I'd send out the afternoon market news and a résumé. In addition, I would cover the opening of marketing seasons and special marketing activities.

What to emphasize in radio market news is of course a question. But it seems to me that the first thing the farmer wants to know is the price. He likes more than just straight price information, however. He likes to know what the market is doing. Are the receipts heavy? Is there a broad and good buyer demand in the face of heavy marketing? What seems to be influencing the market? The market news broadcaster must be able to get across first the vital information the farmer wants and then follow through with background, talking to the farmer as if only a rail fence separated them. Farmers like comparisons. They like to know what happened the day before, with comparisons like: "Two thousand hogs came in today--500 more than yesterday--but the price for top butchers held steady at $24 a hundred." Quite a number of factors may influence a farmer to sell or to hold, and he may get his cue from the background information he hears over the radio.

Too many radio stations have let market news broadcasting ride. Too often the report that goes out is a jumble of statistics, and what the farmer learns depends on his patience, his ability to interpret, his willingness to listen because the news affects his pocketbook. But maybe as time goes on, more stations will wake up to what they're missing in their handling of market news.

. .
.

COLD STORAGE ADVISORY COMMITTEE HOLDS FIRST MEETING

The Cold Storage Advisory Committee, named recently under the Research and Marketing Act, met in Washington on December 2 and is preparing a detailed report of its recommendations. The report of the 11-man committee will include technical advice and suggestions for improvement in the preservation of perishable foods by refrigeration.

Because of the need for basic scientific information in farm commodity refrigeration, the committee recommended for consideration a number of fundamental researches into the effects of low temperatures and ice formation on perishable foods. Also proposed were important projects concerned with the behavior in cold storage of perishable commodities such as poultry products, dairy products, and fruits and vegetables.

Main objective brought out by the discussion was the development of scientific facts practical toward the retention of nutritional properties of perishable foods, the reduction of waste through more effective operation of refrigerated warehouses, and the broadening of warehouse services. Also discussed were possible products dealing with air purification, modified atmosphere storage, and humidity control.

ADDITIONAL PROJECTS APPROVED UNDER RESEARCH AND MARKETING ACT

USDA has recently announced its approval, under the Research and Marketing Act, of a number of research projects that PMA will conduct or in which it will cooperate.

Feed study.—Studies of demand, prices, and supplies of feed grains, byproduct feeds, and hay will be made under one of the approved projects. One part of the project will deal with the determination and measurement of factors influencing feed prices. Another will include studies of the effect of prices and other factors on the production and marketing of feeds. A third will involve an analysis of the demand for and utilization of grains for food, feed, and industrial purposes. The project was assigned to PMA and the Bureau of Agricultural Economics. Other USDA agencies will be consulted.

Improved fruit and vegetable retail training methods.—The effectiveness of formal training for retail merchandisers of fresh fruits and vegetables will be evaluated in a series of training courses under a second new project. The ultimate purpose is to establish a basis for encouraging a wider adoption of efficient merchandising practices as a means of making available to customers produce of higher quality and at the same time benefiting producers and distributors through increased volume of sales. To expedite work under the project and to use existing facilities, USDA has contracted with the United Fresh Fruit and Vegetable Association to conduct instruction courses in certain cities. The courses will cover buying methods, record keeping, pricing, proper display and care to increase customer appeal and reduce waste, and other phases of fresh produce distribution and marketing. PMA's Fruit and Vegetable Branch will coordinate and generally supervise the work.

Two tobacco research projects.—The aim of one of two new tobacco research projects is to provide a practical, scientific basis for establishing and applying tobacco standards. Tobacco standards are now based on differences or degrees of soundness, smoothness, texture, and other elements of quality. But determinations of the fine distinctions in these elements depend on the judgment and skill of an inspector. Under the project, attempts will be made to correlate information on elements and degrees of quality with more scientific criteria, and so provide a more definite basis for establishing tobacco standards.

Purpose of the second tobacco project is to analyze and appraise methods of marketing tobacco and the adequacy and efficiency of tobacco marketing services and facilities. It is hoped to find ways and means of overcoming excessive price fluctuations and the present lack of firm price differentials between grades.

PMA will carry out both projects, with assistance on the second from the Bureau of Agricultural Economics and on the first from the Bureau of Plant Industry, Soils, and Agricultural Engineering, the North Carolina State College of Agriculture, State agricultural experiment stations, and private laboratories.

Cotton.--There will be no cotton marketing quotas and no acreage allotments for the 1948 cotton crop, USDA announced in mid-November.

Dairy Products.--Between October 24 and November 20, PMA announced the following activities concerning milk marketing agreements and orders: Scheduled public hearings for presentation of proposals to amend the orders of Cleveland (75), Columbus (74), Cincinnati (65), Dayton-Springfield (71), New Orleans (42), Quad Cities (Moline, East Moline, and Rock Island, Ill., and Davenport, Iowa--44), and the Tri-State marketing area (in West Virginia, Ohio, and Kentucky--72); announced amendment of the orders at Chicago (41) and Wichita (68); recommended that no amendment be issued at Dubuque, Iowa (12); announced that no marketing agreement and order would be issued at St. Joseph, Mo.; announced the issuance of and order in the Nashville, Tenn., area; announced approval, subject to industry acceptance, of a proposed agreement and order at Topeka, Kans.; and announced a recommended decision on a proposed amendment to the New York order (27).

Fruits and Vegetables.--Late in November USDA announced purchase by CCC of 8,649 tons of dried prunes at prices averaging $192 a ton. This purchase was in addition to 57,351 tons bought earlier.... USDA has adopted, subject to industry approval, amendments to the California-Arizona lemon marketing agreement and order program. The amendments provide (1) that regulations issued for lemons grown in Arizona and in the desert areas of California may differ from those issued for the rest of California, and (2) that certain marketing of lemons within California and Arizona may be regulated. Previously such regulations applied only to lemons shipped in interstate commerce.... The Department has also announced amendments to the Florida citrus fruit marketing agreement and order program. They provide that regulations may be issued for the Indian River section differing from those issued for the rest of the State.

Grain.--Corn loan and purchase rates for the 1947 crop, ranging by counties from $1.27 to $1.56 a bushel and averaging $1.37 nationally, were announced late in October by USDA. Last year's national average loan value was $1.15 a bushel, and the rates by counties varied between $1.05 and $1.34.... On November 25, USDA announced the purchase of 2,000,000 pounds of Southern Pearl rice, U. S. Grade No. 5, unpolished, at $9 per hundred pounds, f. o. b. mill, by the Commodity Credit Corporation. This was the first lot of rice CCC had bought since USDA requested weekly offers beginning October 14.

Peanuts.--A referendum on national marketing quotas for the 1948, 1949, and 1950 crops of peanuts is scheduled for December 9. Secretary of Agriculture Anderson said on December 2 that peanut quotas and acreage allotments for the 1948 crop probably will be suspended and not put into effect. Such action is being considered, he explained, in the light of developments since the quota for the 1948 crop was proclaimed last July --developments including a substantial rise in the price of peanut oil and meal, and the increased need for food in Europe and elsewhere.

Poultry.--USDA on December 1 amended its purchase program for fowl as a further aid to industry in carrying out its agreement to save grain by the culling of laying flocks. The amendments allow a margin of 11 cents a pound between the farm price for live fowl and box-packed dressed birds, and extend the duration of the purchase program from the original closing date of December 31, 1947, to March 31, 1948. Under the original program, margins between live and dressed birds were set at 7 1/2 and 8 cents a pound, depending on the size of the fowl.... Proposed amendments to Service and Regulatory Announcements No. 131, Revised, governing the inspection and certification of dressed poultry and dressed domestic rabbits, were announced in November. The changes apply chiefly to the regulations concerning inspection of the products in processing plants that operate under Federal inspection. The principal change would clarify the regulation so as to prevent uninspected edible products from being brought into such plants, whether or not they are intended for further processing.

Sugar.--USDA has determined that fair and reasonable prices for 1947-crop Louisiana and Florida sugarcane, to be paid to growers by processors who apply for Sugar Act payments, will be based on the same pricing formula as was used for the 1946 crop. The determination was made on the basis of USDA investigations and hearings, as required by the Sugar Act of 1937. The basic price for standard sugarcane, with sugar prices at present levels, will be $1.03 per ton of cane for each 1 cent per pound of the price of raw sugar.

Tobacco.--The Secretary of Agriculture has proclaimed national marketing quotas of 55,700,000 pounds for fire-cured tobacco and of 21,800,000 pounds for dark air-cured tobacco. As compared with 1947, this is a reduction in individual farm allotments of 35 percent for fire-cured tobacco and 25 percent for dark air-cured tobacco.... USDA has announced that the Commodity Credit Corporation will offer to enter into a special "loss-protection" contract with tobacco companies that have conditional orders for flue-cured tobacco from the French Tobacco Monopoly. Representatives of the monopoly have stated that they wish to acquire approximately 3 million pounds of U. S. flue-cured tobacco which they cannot buy now because dollars are lacking. Approximately 1 million pounds of this tobacco is available from CCC loan stocks and approximately 2 million pounds will need to be bought through auction markets.... Loans from CCC funds will be made on 1947-crop Puerto Rican cigar filler tobacco (type 46) at 31.5 cents a pound, crop average, on the basis of normal grades and quality.... The Secretary of Agriculture has proclaimed a 1948 national marketing quota for flue-cured tobacco of 955 million pounds. This will result in an acreage reduction of about 28 percent to most individual farmers.

Wool.--USDA has announced a new schedule of selling prices for shorn wool owned by CCC. The new schedule, which became effective October 25, includes increases over the previous schedule of 1 to 2 cents a pound, clean basis, in the two highest classes of fine Fleece, Territory, and Texas wools. No changes have been made in average length fine wools or half-blood wools, whereas shorter than average fine and half-blood wools are reduced 1 to 3 cents a pound.

The following addresses, statements, and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C. Be sure to supply your name and address; sometimes this is overlooked.

Addresses:

Press release summary of a discussion of the world food crisis and American agriculture, by Clinton P. Anderson, Secretary of Agriculture, at the twenty-fifth annual agricultural Outlook Conference of the U. S. Department of Agriculture, at Washington, D. C. November 4, 1947. 3 pp. (Mimeographed)

Many Hands Make the Burden Light, by Clinton P. Anderson, Secretary of Agriculture, before the National Association of Commissioners, Directors, and Secretaries of Agriculture, at Biloxi, Miss. November 10, 1947. 12 pp. (Mimeographed)

Spreading the Risk of World Recovery, by Clinton P. Anderson, Secretary of Agriculture, at a meeting sponsored by the Mercantile Section of the New York Board of Trade, at New York, N. Y. November 20, 1947. 11 pp. (Mimeographed)

Observations on the Tobacco Situation, by Charles E. Gage, director of the Tobacco Branch, PMA, before a convention of the Associated Tobacco Manufacturers, at Washington, D. C. November 6, 1947. 8 pp. (Mimeographed)

Food Preservation--a Part of the U. S. Department of Agriculture's Distribution Programs, by Marvin M. Sandstrom, assistant director of the Food Distribution Programs Branch, PMA, at Baton Rouge, La. November 18, 1947. 6 pp. (Mimeographed)

Statements:

Statement on the food situation, with special reference to amounts available for foreign aid, by Secretary of Agriculture Clinton P. Anderson, before the Senate Committee on Appropriations. November 24, 1947. 20 pp. (Mimeographed)

(The remainder of the statements here listed were given before the Joint Committee on the Economic Report, at the hearing beginning November 21, 1947.)

Statement on grain conservation, by Secretary of Agriculture Clinton P. Anderson. 5 pp. (Mimeographed)

Statement on the need for encouraging increased food production in other countries, by Secretary of Agriculture Clinton P. Anderson. 5 pp. (Mimeographed)

Statement on allocation controls, by Carl C. Farrington, assistant administrator, PMA. 9 pp. (Mimeographed)

Statement on the extension of export controls, by F. Marion Rhodes, assistant to the administrator, PMA. 7 pp. (Mimeographed)

Statement on the need to extend the authority to allocate transportation facilities and equipment, by W. C. Crow, director of the Marketing Facilities Branch, PMA. 5 pp. (Mimeographed)

Publications:

Grain Conservation on Farms, 1947-48. (PMA) November 1947. 26 pp. (Printed)

Save Grain by Destroying Rats! (Fact sheet: USDA cooperating with Fish and Wildlife Service, Department of the Interior) November 1947. 4 pp. (Printed)

Relation and Importance of Certain Fiber Properties of Long Staple Cottons to Strength and Appearance of Combed Yarns, and to Percentages of Manufacturing Waste. (PMA) July 1947. 84 pp. (Multilithed)

Fiber and Spinning Test Results for Some Pure Varieties Grown by Selected Cotton Improvement Groups--Crop of 1947. (PMA) November 1947. 15 pp. (Multilithed)

Charges for Ginning Cotton, 1941-42 to 1946-47. (PMA) September 1947. 45 pp. (Multilithed)

United States Standards for Grades of Canned Green Beans and Canned Wax Beans. (PMA) Effective September 27, 1947. 14 pp. (Mimeographed)

United States Standards for Grades of Canned Dried Beans. (PMA) Effective October 24, 1947. 8 pp. (Mimeographed)

United States Standards for Citrus Fruits. (PMA) Effective September 30, 1947. 21 pp. (Mimeographed)

United States Consumer Standards for Potatoes. (PMA) Effective December 8, 1947. 7 pp. (Mimeographed)

The Farmer's Share of the Consumer's Food Dollar. (Bureau of Agricultural Economics) Leaflet 123. Revised October 1946. 8 pp. (Printed)

Agricultural Outlook Charts--1948. (BAE) November 1947. 73 pp. (Multilithed)

Tree Nuts: Acreage, Production, Farm Disposition, Value, and Utilization of Sales--1909-45. (BAE) October 1947. 25 pp. (Multilithed)

Citrus Fruits: Production, Farm Disposition, Value, and Utilization of Sales--Crop Seasons 1940-41 to 1946-47. (BAE) October 1947. 25 pp. (Mimeographed)